The institutions of money and banking in antebellum america

Finance

The paper " The Institutions of Money and Banking in Antebellum America" is an outstanding example of a book review on finance and accounting.

Money and Banking before the Civil War chapter 4. The chapter proves very educative in providing vivid descriptions and examples on trade and currencies during the colonial times and civil war. The reader gets a chance to understand what currency was being used during the colonial period. Use of money as a medium of exchange is introduced well by a detailed explanation from the basics of how people used to exchange goods with other goods. It further explains the challenges faced by conducting this type of trade that led to the need of establishing a medium of exchange that has a known value. The previously used gold and silver had a major disadvantage of varied valuation from people of different regions thus the exact amount to carry out a particular transaction was a problem.

A clear introduction on the banking system by giving basics on the roles of banks and how they operate captures one attention. The reader gets to understand how the use of dollars came about and how the first bank operated. The question of how the financial system works is answered in a precise manner. The parties involved in financial systems, which are the bank, public and the government is mentioned inclusive of the parts they play (MONEY AND BANKING 90). One also gets the opportunity to understand that the government influence on banks can either be passive or active depending on the intentions of the government involvement. The challenges and fears that occurred during and after the civil war are also in the article. For example, banks retreated from giving long-term loans due to security uncertainties (1839-1843).

Liquidity and inflation can is included in the reading. With no regulations on the rates of banks giving notes to the public, abnormal changes in the prices of commodities that is clear from the graphs are clear. Money control by the government on the loans by banks is essential for a stable economy.